



General Assembly

February Session, 2000

Amendment

LCO No. 4503

Offered by:

REP. NEWTON, 124th Dist.

REP. FELTMAN, 6th Dist.

To: House Bill No. 5144

File No. 126

Cal. No. 133

***"An Act Concerning Federal Benefits In Automobile
Accident Cases."***

1 In line 1 before "Subsection" insert "Section 1."

2 After line 18 add the following:

3 "Sec. 2. (NEW) (a) Beginning January 1, 2001, and ending July 1,
4 2003, there shall be a low-cost automobile insurance pilot program for
5 the cities of Hartford, New Haven, Waterbury and Bridgeport in
6 accordance with sections 2 to 11, inclusive, of this act. As used in
7 sections 2 to 11, inclusive, of this act, "pilot program" means the low-
8 cost automobile insurance pilot program established pursuant to this
9 section; "plan" means the plan established by the Insurance
10 Commissioner pursuant to subsection (b) of this section; "policy" and
11 "low-cost policy" mean a low-cost automobile insurance policy made
12 available under the pilot program, and "assigned risk plan" means the
13 plan established under section 38a-329 of the general statutes.

14 (b) After consultation with insurance carriers authorized to issue

15 automobile liability insurance policies in this state, and after a public
16 hearing, the Insurance Commissioner shall establish and approve a
17 reasonable plan or plans to provide insurance coverage for applicants
18 who reside in the cities of Hartford, New Haven, Waterbury and
19 Bridgeport who qualify for the pilot program pursuant to sections 2 to
20 11, inclusive, of this act. Carriers shall participate to cover qualified
21 applicants. The commissioner shall administer the plan through the
22 assigned risk plan.

23 (c) For purposes of the pilot program, a low-cost automobile
24 insurance policy shall contain the elements set forth in subdivisions (1)
25 to (4), inclusive, of this subsection:

26 (1) The policy shall provide coverage in the amount of ten thousand
27 dollars for bodily injury to, or death of, each individual as a result of
28 any one accident and, subject to that limit as to one individual, the
29 amount of twenty thousand dollars for bodily injury to, or death of all
30 individuals as a result of any one accident, and the amount of five
31 thousand dollars for damage to property of others as a result of any
32 one accident.

33 (2) The policy shall have an initial term of one year, renewable on an
34 annual basis thereafter.

35 (3) The policy shall cover the insured named in the policy, and to
36 the same extent that insurance is provided to the named insured, any
37 other individual using the automobile, provided the use is with the
38 named insured's permission, express or implied, except that the policy
39 shall not cover a resident in the same household as the insured who
40 does not meet the requirements of subdivisions (2) to (6), inclusive, of
41 section 4 of this act.

42 (4) The policy shall provide coverage for an automobile with a
43 value, at the time an individual applies for coverage under the pilot
44 program, of not more than twelve thousand five hundred dollars. The
45 value shall be established by reference to the value given to the
46 automobile by the Secretary of the Office of Policy and Management

47 for property taxation purposes pursuant to section 12-71d of the
48 general statutes as set forth in the information provided to producers
49 under section 11 of this act.

50 (d) Notwithstanding the coverage amounts required by section 14-
51 112 of the general statutes, a low-cost automobile policy issued under
52 the pilot program shall be deemed to satisfy the obligations of the
53 Financial Responsibility Law, sections 14-112 to 14-133, inclusive, of
54 the general statutes and section 38a-371 of the general statutes.

55 Sec. 3. (NEW) (a) The annual rate offered under the pilot program
56 for the low-cost automobile insurance policy shall be set by the
57 assigned risk plan.

58 (b) Rates for policies issued under the pilot program shall be
59 reviewed and revised as set forth in subdivisions (1) to (4), inclusive, of
60 this subsection:

61 (1) The assigned risk plan shall establish a base rate but may adjust
62 the rate for individual insureds based on risk characteristics including,
63 but not limited to, age, miles driven, type of vehicle, gender and type
64 of use. In establishing the base rate, the plan shall take into account the
65 loss experience in states where policies are sold with coverage in the
66 amounts set forth in subdivision (1) of subsection (c) of section 2 of this
67 act. Rates for the pilot program shall be set independently of rates set
68 for the assigned risk plan.

69 (2) Rates shall be set to cover (A) losses incurred under policies
70 issued under the pilot program, and (B) expenses, including, but not
71 limited to, all reasonable and necessary expenses such as the costs of
72 administration, underwriting, taxes, commissions and claims
73 adjusting, that are incurred due to participation in the pilot program.
74 For purposes of this section, "losses incurred" means claims paid,
75 claims incurred and reported and claims incurred but not yet reported.
76 In assessing loss reserves, the Insurance Commissioner shall only
77 allow loss reserves that are estimated from actual losses in the pilot
78 program or comparable data by a licensed statistical agent, as adjusted

79 to reflect coverage provided under the pilot program.

80 (3) Rates shall be set to result in no projected subsidy of the pilot
81 program by insureds who are not participants in the pilot program.

82 (4) Not later than January 1, 2002, the assigned risk plan shall
83 examine the prior year's loss and expense data, together with a
84 proposed rate for the low-cost automobile policy for the pilot program
85 and shall submit recommendations to the commissioner in such form
86 as the commissioner requires. The commissioner shall act on the
87 recommendations not later than ninety days after receipt.

88 (c) The plan shall make available to an insured under the pilot
89 program a premium instalment option under which an insured is
90 required to pay one hundred dollars upon issuance of the low-cost
91 policy, followed thereafter by six additional payments. No other
92 premium financing arrangement may be permitted.

93 Sec. 4. (NEW) A low-cost automobile insurance policy under the
94 pilot program may only be purchased by individuals who satisfy the
95 following eligibility requirements:

96 (1) The individual shall reside in Hartford, New Haven, Waterbury
97 or Bridgeport in a household with a gross annual household income
98 that does not exceed two hundred per cent of the federal poverty level.

99 (2) The individual shall be no less than nineteen years of age and
100 shall have been continuously licensed to drive an automobile for the
101 previous three years.

102 (3) The individual shall not have more than one of the events set
103 forth in subparagraph (A) or (B) of this subdivision as documented on
104 the individual's motor vehicle driving history record or comprehensive
105 loss underwriting report:

106 (A) An accident resulting in only property damage in which the
107 individual was principally at fault.

108 (B) A point for a motor vehicle violation.

109 (4) The individual shall not have, as documented on the individual's
110 motor vehicle driving history record or comprehensive loss
111 underwriting report, within the previous three years an at-fault
112 accident involving bodily injury or death.

113 (5) The individual shall not have a felony or misdemeanor
114 conviction for a motor vehicle violation as documented on the
115 individual's motor vehicle driving history record or comprehensive
116 loss underwriting report.

117 (6) The individual shall not be a college student claimed as a
118 dependent of another individual for federal or state income tax
119 purposes.

120 (7) The individual may not have automobile liability insurance
121 coverage in an amount greater than the liability coverage amounts
122 provided by the low-cost policy, except that an individual shall qualify
123 if, at the time of application, the applicant has maintained for not less
124 than one year prior to the date of application, automobile liability
125 coverage in an amount not greater than the minimum amounts set
126 forth in subsection (a) of section 14-112 of the general statutes. The
127 applicant shall so certify on the application form.

128 Sec. 5. (NEW) (a) An individual may apply for coverage under the
129 plan through any licensed producer certified by the plan. In order to
130 demonstrate financial eligibility to purchase a low-cost automobile
131 insurance policy under the pilot program, the applicant shall present at
132 the time of application a copy of the applicant's federal or state income
133 tax return for the previous calendar year or other reliable evidence
134 from a governmental agency or governmental means-tested program
135 of the applicant's gross annual household income, as required by the
136 commissioner.

137 (b) The applicant shall certify that the representations made in the
138 documents submitted as proof of financial eligibility and in the

139 application for the policy are true, correct, and contain no material
140 misrepresentations or omissions of fact to the best knowledge and
141 belief of the applicant.

142 (c) The certified producer shall forward the application, supporting
143 documents, and the applicant's certification to the plan or other
144 individual or entity designated by the Insurance Commissioner. The
145 information on the application, supporting documents and
146 certification shall be confidential. The information, documents and
147 certification may not be disclosed by the producer or the plan and shall
148 not be subject to disclosure under the Freedom of Information Act, as
149 defined in section 1-200 of the general statutes.

150 (d) No producer may issue a binder for coverage under the plan.

151 (e) A certified producer, the producer's agency and employees and
152 any person, as defined in section 38a-1 of the general statutes,
153 contracting with a producer shall be held harmless from (1) any claim,
154 judgment or legal action resulting from an individual's application for
155 coverage or purchase of coverage under the plan, or (2) any related or
156 unrelated claim made against the insured under the plan including,
157 but not limited to, uninsured and underinsured claims.

158 (f) Each insurance company that issues an automobile policy in this
159 state and each certified producer shall inform an individual about the
160 coverage available under the pilot program if the individual (1)
161 inquires about a new automobile policy, and is not renewing a policy,
162 and the individual indicates that the individual resides in Hartford,
163 New Haven, Waterbury or Bridgeport, or (2) inquires about coverage
164 under the pilot program.

165 Sec. 6. (NEW) (a) A certified producer shall provide to an applicant
166 for a low-cost automobile insurance policy under sections 2 to 11,
167 inclusive, of this act, a notice relating to coverage under the policy. The
168 notice shall be provided in a separate document at the time of
169 application, and include the following statement in fourteen-point
170 bold-face type:

171 "NOTICE

172 INSURANCE COVERAGE PROVIDED IN THE POLICY YOU ARE
173 BUYING CONTAINS REDUCED LIABILITY COVERAGE FOR
174 PERSONAL INJURIES OR PROPERTY DAMAGE RESULTING FROM
175 THE OPERATION OF THE INSURED VEHICLE.

176 IF LOSSES FROM AN AUTOMOBILE ACCIDENT EXCEED THE
177 COVERAGE PROVIDED BY THIS POLICY, YOU CAN BE HELD
178 PERSONALLY LIABLE AND RESPONSIBLE FOR THOSE LOSSES.
179 THIS POLICY PROVIDES LIABILITY COVERAGE FOR INJURIES OR
180 DEATH CAUSED TO OTHER PERSONS IN THE TOTAL AMOUNT
181 OF TEN THOUSAND DOLLARS (\$10,000) PER PERSON IN ANY
182 ONE ACCIDENT, AND UP TO A TOTAL AMOUNT OF TWENTY
183 THOUSAND DOLLARS (\$20,000) FOR ALL PERSONS IN ANY ONE
184 ACCIDENT. THE POLICY ALSO PROVIDES UP TO A TOTAL
185 AMOUNT OF FIVE THOUSAND DOLLARS (\$5,000) IN LIABILITY
186 COVERAGE FOR PROPERTY DAMAGE IN ANY ONE ACCIDENT.

187 IF YOU WANT MORE INSURANCE COVERAGE, YOU MUST
188 REQUEST A DIFFERENT POLICY. THIS POLICY ALSO DOES NOT
189 COVER DAMAGE TO YOUR OWN VEHICLE, LOSSES RESULTING
190 FROM YOUR BODILY INJURY OR DEATH, OR COVERAGE FOR
191 LOSSES CAUSED BY AN UNINSURED OR UNDERINSURED
192 DRIVER. HOWEVER, UNINSURED, UNDERINSURED AND BASIC
193 REPARATIONS COVERAGE MAY BE AVAILABLE AT EXTRA COST
194 THROUGH OTHER INSURERS. THIS POLICY DOES NOT COVER
195 ANY OTHER DRIVER RESIDING IN YOUR HOUSEHOLD WHO:

196 (1) IS UNDER NINETEEN YEARS OF AGE;

197 (2) HAS LESS THAN THREE YEARS OF CONTINUOUSLY
198 LICENSED DRIVING EXPERIENCE;

199 (3) HAS MORE THAN ONE OF EITHER, OR BOTH, OF THE
200 FOLLOWING:

201 (A) A PROPERTY DAMAGE ONLY ACCIDENT IN WHICH THE
202 DRIVER WAS PRINCIPALLY AT FAULT; OR

203 (B) A POINT FOR A MOVING VIOLATION.

204 (4) HAD IN THE PREVIOUS THREE YEARS AN AT-FAULT
205 ACCIDENT INVOLVING BODILY INJURY OR DEATH; OR

206 (5) HAS A FELONY OR MISDEMEANOR CONVICTION FOR A
207 VIOLATION OF THE MOTOR VEHICLE CODE ON THE PERSON'S
208 RECORD."

209 (b) When the certified producer establishes delivery of the
210 disclosure form prescribed in subsection (a) of this section by obtaining
211 the signature of the applicant or insured, there shall be a conclusive
212 presumption that the certified producer has complied with the
213 disclosure requirements of this section.

214 Sec. 7. (NEW) For the sale of a low-cost automobile insurance policy
215 issued pursuant to the pilot program, certified producers shall be
216 entitled to the same commission rate as is paid by the assigned risk
217 plan for automobile liability insurance policies. No other fee may be
218 charged or collected by a producer regarding a low-cost policy. The
219 sale of a low-cost policy under sections 2 to 11, inclusive, of this act
220 shall not be conditioned on the purchase of any other product or
221 service.

222 Sec. 8. (NEW) (a) A low-cost automobile insurance policy issued
223 pursuant to the pilot program may be canceled by the plan or insurer
224 only for the reasons set forth in this subsection:

225 (1) Nonpayment of premium;

226 (2) Fraud or material misrepresentation affecting the policy or the
227 insured;

228 (3) The purchase or maintenance of additional automobile liability
229 insurance coverage in violation of subsection (a) of section 9 of this act;

230 or

231 (4) The purchase or maintenance of automobile liability insurance
232 coverage other than a low-cost policy for any additional vehicles in the
233 insured's household, in violation of subsection (b) of section 9 of this
234 act.

235 (b) A policy may be nonrenewed by the plan or insurer only for the
236 reasons set forth in this subsection:

237 (1) A substantial increase in the hazard insured against; or

238 (2) The insured no longer meets the applicable eligibility
239 requirements as set forth in section 4 of this act, provided the eligibility
240 of an insured shall be recertified by the assigned risk plan after the first
241 year of eligibility, and annually thereafter by the insurer that issued
242 the policy.

243 Sec. 9. (NEW) (a) An insured under the pilot program shall not
244 purchase or maintain automobile liability insurance coverage that is in
245 addition to the liability coverage provided by the low-cost policy, and
246 shall not purchase or maintain collision coverage, except the insured
247 may purchase uninsured motorist coverage or basic reparations
248 coverage outside of the plan.

249 (b) An insured under the pilot program shall not purchase or
250 maintain any automobile liability insurance coverage other than a low-
251 cost policy for any additional vehicles in the insured's household.

252 (c) No more than two low-cost policies may be issued to one
253 household.

254 Sec. 10. (NEW) (a) The pilot program may begin operations on
255 January 1, 2001, but shall be fully operational not later than July 1,
256 2001.

257 (b) The Insurance Commissioner may adopt regulations, in
258 accordance with the provisions of chapter 54 of the general statutes, to

259 implement the provisions of sections 2 to 10, inclusive, of this act.

260 (c) Not later than January 1, 2002, and annually thereafter until
261 January 1, 2004, the Insurance Commissioner shall report to the joint
262 standing committee of the General Assembly having cognizance of
263 matters relating to insurance on the operations and status of the pilot
264 program.

265 Sec. 11. (NEW) Beginning January 1, 2001, and ending July 1, 2003,
266 the Secretary of the Office of Policy and Management shall make
267 available to certified producers the schedule of motor vehicle values
268 established under section 12-71d of the general statutes. Producers
269 shall use the schedule to determine an applicant's eligibility under the
270 pilot program. The secretary shall update the information whenever
271 there is a change in the information.

272 Sec. 12. This act shall take effect from its passage, except that section
273 1 shall take effect October 1, 2000."